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FIRST QUARTER MILK PRODUCTION SLIGHTLY BELOW LAST YEAR

The Dairy Situation, Economic Research Service USDA, April 1963

In the first quarter of 1963, milk production averaged 0.9 percent below output in the same period last year. The decline, which was 0.7 percent in January and 1.3 percent in February, was 0.8 percent in March. March production was 10,907 million pounds compared with 10,994 million a year earlier. In the Northeast States reporting monthly data, production in March was about 3 percent above last March, somewhat under the rate of gain in January and February. Scattered other States showing gains in March over a year earlier include Indiana, Michigan, Maryland, Idaho, Nevada, Washington, and Hawaii. Wisconsin, which increased output over a year earlier in every month from July 1961 to December 1962, dropped below last year in January, February, and March. The West North Central States continue to show drops from a year earlier ranging from 0.4 percent in Missouri to 9 percent in South Dakota. However, percentage declines from a year earlier were much less in March than in February. Last year, production in the North Central States was increasing during the first quarter. Production in the Southeast States declined slightly below the year-earlier level in the first quarter of 1963 compared with slight gains in the same period of 1962.

On April 1, pasture conditions were

74 percent of normal compared with 77 percent in April 1962 and 1957-61. In the Northeastern, North Central, and Western States, pasture conditions were above or near the 1957-61 average in most States. However, pasture conditions were poor in southwestern Kansas, Colorado, New Mexico, Arizona, Utah, and Nevada. Among Southern States, most south of South Carolina had pasture conditions below the 1957-61 average, partly reflecting winter conditions which damaged small grain and seedings, but mostly inadequate soil moisture. Pasture conditions on April 1 in Southern States were less favorable to milk production than a year earlier. To a considerable degree, the level of production in these States in mid-1963 will depend on weather conditions.

In the North Central States in 1962, pasture conditions generally were favorable to milk production. Even if favorable pasture conditions continue during the second and third quarters of 1963, the sharp drop in production in early 1963 from a year earlier and the decline in cow numbers in the West North Central region suggest the possibility of lower midyear production this year than last in that region. However, in some of the more important North Central dairy States, production per cow in

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U.S. SELLS 187 MILLION POUNDS OF NONFAT DRY MILK FOR JAPANESE SCHOOLS

Secretary of Agriculture Orville L. Freeman and Japanese Ambassador Ryuji Takeuchi have signed a contract calling for sale of 187,391,000 pounds of U.S. nonfat dry milk to the government of Japan for use in the school lunch program.

The milk was acquired under the dairy price support program. The contract, believed to be the largest sale of U.S. dairy products ever made at one time, represents an expansion in Japanese market as an outlet for U.S. dairy products.

In 1962-63, about half of Japan's 17.4 million school age children were supplied with low priced milk at school. Under the country's new budget, this will be increased to about 70 percent. The present government plan is to reach all school children with the program within 10 years.

U.S.-produced nonfat dry milk has been exported to Japan for school lunch use under similar arrangements since 1950. During this period, nearly 550 million pounds have been sold for this program.

The sale was made under the Commodity Credit Corporation Charter Act and the Agricultural Act of 1949, as amended. This authority provides for sales at less than normal export prices of agricultural commodities for exclusive and specified uses such as in starting and maintaining school lunch programs in foreign countries.



Columbus

MARKET FACTS FOR EASY REFERENCE

PRICE SUMMARY

Producers' Uniform Price (3.5%)	
Producers' Uniform Price (4%)	
Class I (3.5%)	
Class II (3.5%)	
Class III (3.5%)	
Class IV (3.5%)	
Producer Butterfat Differential for each one-tenth percent	

May 1963	April 1963	May 1962
\$3.45	\$3.55	\$3.44
3.805	3.905	3.795
4.09	4.10	4.06
3.705	3.713	3.717
3.603	3.605	3.569
2.983	2.985	2.949
7.1¢	7.1¢	7.1¢

UTILIZATION SUMMARY

Percent of Producer Milk in Class I	
Percent of Producer Butterfat in Class I	
Percent of Producer Milk in Class II	
Percent of Producer Butterfat in Class II	
Percent of Producer Milk in Class III	
Percent of Producer Butterfat in Class III	
Percent of Producer Milk in Class IV	
Percent of Producer Butterfat in Class IV	

66.8	74.2	67.1
64.7	69.5	65.6
7.2	7.9	7.9
2.1	2.2	2.5
4.0	4.0	4.7
6.9	8.7	6.3
22.0	13.9	20.3
26.3	19.6	25.6

PRODUCER MILK RECEIPTS

Total Pounds of Producer Milk Delivered	
Average Daily Class I Producer Milk	
Total Number of Producers	
Average Daily Receipts per Producer	
Average Butterfat Test	
Total Value of Producers Milk at Test	
Income per Producer (7 day average)	

43,626,535	38,742,885	38,340,798
939,497	958,105	829,943
1,378	1,381	1,315
1,021	935	940
3.68	3.77	3.69
\$1,709,223.31	\$1,579,412.67	\$1,497,999.82
\$280.08	\$266.86	\$257.23

GROSS CLASS USE (Pounds)

Class I Skim	
Class I Butterfat	
Class I Milk	
Class II Skim	
Class II Butterfat	
Class II Milk	

28,085,726	27,727,606	24,800,415
1,038,672	1,015,530	927,830
29,124,398	28,743,136	25,728,245
3,119,449	3,033,555	2,999,604
32,810	32,450	35,376
3,152,259	3,066,005	3,034,980

AVERAGE DAILY SALES (Quarts)

Milk	
Buttermilk	
Chocolate	
Skim	
Cream	

318,337	324,984	291,623
4,987	5,239	5,418
16,480	17,056	16,387
12,335	12,967	11,962
6,185	8,839	8,618

COMPARATIVE STATISTICS



COLUMBUS MARKETING AREA



MAY, 1954 - '63

Year	Receipts from Producers	Average Butterfat Test	Percentage of Producer Milk in Each Class				Uniform Producer Price (3.5%)	Class prices at 3.5%				Number of Producers	Daily Average Production
			Class I	Class II	Class III	Class IV		Class I	Class II	Class III	Class IV		
1954.....	28,123,912	3.83	59.2	6.4	14.4	20.0	3.25	3.99	3.59	3.23	3.05	2,175	417
1955.....	29,742,565	3.71	59.5	6.7	15.2	18.6	3.45	4.204	3.804	3.304	3.129	2,084	460
1956.....	30,035,601	3.77	63.1	8.4	13.6	14.9	3.87	4.757	3.897	3.397	3.220	2,056	471
1957.....	30,240,247	3.70	67.6	7.2	14.4	10.8	3.88	4.568	4.168	3.488	3.066	1,908	511
1958.....	30,140,831	3.69	66.3	7.6	9.5	16.6	3.56	4.274	3.874	3.274	2.851	1,822	534
1959.....	32,669,711	3.68	69.6	7.4	3.0	20.0	3.58	4.289	3.839	3.507	2.887	1,767	596
1960.....	33,354,543	3.75	67.4	7.1	2.7	22.8	3.44	4.132	3.732	3.508	2.888	1,673	643
1961.....	33,290,673	3.73	69.1	7.2	2.9	20.8	3.61	4.239	3.839	3.763	3.143	1,240	866
1962.....	38,340,798	3.69	67.1	7.9	4.7	20.3	3.44	4.06	3.717	3.569	2.949	1,315	941
1963.....	43,626,535	3.68	66.8	7.2	4.0	22.0	3.45	4.09	3.705	3.603	2.983	1,378	1,021

Farm Marketings of Milk Trend Upward

The Dairy Situation, Economic Research Service USDA, April 1963

The proportion of milk production that is marketed by farmers increased from 75 percent in 1930 to 94 percent in 1962. While milk production on farms increased 26 billion pounds, marketings rose more than 43 million pounds. Movement of more milk to market resulted in the return to farmers of a larger proportion of the value of production in the form of cash receipts. Cash receipts from the sale of milk and cream in 1962 amounted to \$4,858 million compared with \$4,919 million in 1961. This income was derived from the sale to plants and dealers of 110 billion pounds of milk as whole milk and 6 billion pounds as farm-skimmed cream. In addition, 2 billion pounds were retailed by farmers as milk and cream for a total sale of 118 billion pounds of milk out of the 125.9 billion pounds produced in 1962.

The sale of whole milk to plants and dealers increased steadily during the past 3 decades, as farmers turned from the sale of farm-skimmed cream to the sale of whole milk. Also contributing to the increase was a reduction in the amount of milk retailed by farmers as milk and cream, from nearly 7 billion pounds in the early 1930's to 2 billion pounds in 1961. In 1962 retail sales by farmers increased in Utah and California. In other States they were the same or lower than in 1961. Increases in the productivity of milk cattle and improvements in dairy production technology have been most fully reflected

in the increase in the sale of milk as wholesale milk.

Larger gains in marketing than in production are caused by a continuing decline in the amount of milk used on farms with milk cows. The downward trend in the farm use of milk has continued since about 1934. Farms Producing milk now use about 6 percent of total production compared with more than 20 percent during the mid-1930's.

Of the amount of milk used on farms with milk cows, more than half is consumed as fluid milk or cream by people on farms, and about 30 percent is fed to calves, with the remainder used for butter churned on farms. In 1962, the amount of milk consumed as fluid milk and cream was 4.4 billion pounds, about one-third of the 12.4 billion pounds so used in 1935. The amount fed to calves declined from 3.0 billion pounds in 1930 to 2.4 billion in 1962. Farm consumption of home-churned butter, which once took nearly 12 billion pounds of milk annually, in 1962 required less than a billion pounds.

The decline in use of milk on farms where produced from 1952 to 1962 was 9.3 billion pounds. In 1962, only 7.7 billion pounds were used on farms. The amount of annual decline has lessened from its peak of 1.2 billion pounds in 1957 to 0.7 billion in 1962. It is likely that the annual decline in use of milk on farms will continue to lessen in future years.

CANADIAN BUTTER SUBSIDY INCREASES CONSUMPTION

The Dairy Situation, Economic Research Service USDA, April 1963

Starting May 1, 1962, the Canadian Government inaugurated a new butter program designed to reduce the country's large stocks of butter. The government authorized the Agricultural Stabilization Board to lower its selling price for creamery butter from 64 cents per pound to 52 cents. This action was designed to reduce the retail price of butter to encourage increased consumption. The Stabilization Board continues to purchase butter from processors at 64 cents per pound.

The Canadian Department of Agriculture estimates that use of butter as an intermediate product in the manufacture of other food products in all of 1962 rose to 17 million pounds from 10 million in 1961, an increase of 70 percent. Most of this increase displaced other sources of milkfat as an intermediate product. During the same period, disappearance of butter through household use and in eating establishments rose 23.7 million pounds, from 277.7 to 301.4 million pounds, an increase of 8½ percent. Butter in all uses increased about 31 million pounds over 1961, or 10.7 percent.

Considering the downward trend in butter consumption in Canada, from 33.7 pounds per person in 1942 to 16.4 pounds in 1961, the 8½ percent increase in household and eating places, associated with the 17 percent drop in retail price, suggests a price elasticity close to that estimated for the United States

FIRST QUARTER PRODUCTION . .

(Continued from Page One)

the first quarter has fallen or increased little over a year ago. In these States, production per cow may well gain, relative to last year, and total production approach last year's levels. This, plus the possibility of increased production in the South and Northeast, may more than offset losses in the West North Central Region. Consequently, total U. S. production could be at or above last year's level during the second and third quarters.

From 1950 to 1962, milk production in the first quarter of the year was lower than a year earlier in 5 years — 1951, 1952, 1955, 1957, and 1958. In 1955, production increased in later months, so there was a gain of 850 million pounds for the year over output in 1954; in 1952, output was the same as in 1951. Total production was less in the other 3 years than in the year earlier.

In 1952, stable production was associated with a moderate decline of 167,000 from the average number of cows milked in 1951 and a very small gain — 41 pounds — in production per cow. In 1955, the number of cows milked dropped over a half million below 1954, but production per cow gained 185 pounds. In both 1957 and 1958, drops in cow numbers were so large that annual gains of over 200 pounds of milk per cow were insufficient to raise total milk production.

USDA ISSUES STANDARDS

FOR INSTANT NONFAT DRY MILK

The Dairy Situation, Economic Research Service USDA, April 1963

Standards for instant nonfat dry milk, a dairy food that has become increasingly popular with consumers, were issued by the U.S. Department of Agriculture. The standards became effective May 1.

USDA's Agricultural Marketing Service said the standards were developed after a series of market surveys in 1958, 1960, and 1962, and at conferences with representatives of the dry milk industry and other interested parties.

Instant nonfat dry milk has resulted from years of efforts by the dry milk industry and dairy research workers to develop a product which would dissolve instantly and completely in water.

According to AMS dairy specialists, nonfat dry milk has unique

characteristics which makes existing standards for the "non-instant" product inapplicable to the instant product. The new standards reflect these characteristics by requiring that the product be quickly dissolvable in water and have a free flowing consistency.

The standards will be used by USDA's Agricultural Marketing Service in the official grading of instant nonfat dry milk, and are available to the industry for voluntary use in commercial trading, as well as a guide in standardization and quality improvement.

The standards, when proposed by USDA, were published in the Federal Register of February 2, and comments and suggestions were invited. Comments received indicated no need for change in the proposed standards.

Market Quotations

MAY
1963

MINNESOTA - WISCONSIN PRICE SERIES	\$3.07
MIDWEST CONDENSERIES 3.5% per Cwt.	2.981
Skim Milk Powder-Butter Price, 3.5% per Cwt. (Columbus)	3.103
Average Weekly Cheddars price per lb.	.3380
Average price per lb. 92-score butter at Chicago	.5797
Average carlot prices non-fat dry milk solids, roller and spray process, f.o.b. manufacturing plant	.1394

THE

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